

February 23, 2004

Public Water Systems/Interested Parties

NOTICE OF AVAILABILITY FOR PUBLIC REVIEW AND COMMENT

DRINKING WATER STATE REVOLVING FUND)

**DRAFT 2004 INTENDED USE PLAN, DRAFT 2004 UPDATED PROJECT PRIORITY LIST, &
DRAFT 2004 SOURCE WATER PROTECTION PROJECT PRIORITY LIST**

1. DRAFT INTENDED USE PLAN FOR DRINKING WATER STATE REVOLVING FUND (FFY 2004 FUNDING)

The Drinking Water State Revolving Fund (DWSRF) program was established by state and federal statutes to provide funds for low cost loans to public water systems for improvement projects to meet health-based drinking water standards, activities related to source water protection, and improvement in water system reliability. Along with the federal DWSRF grant application to the U.S. Environmental Protection Agency (USEPA), the state develops an Intended Use Plan, which describes how the program is structured, the planned use of the funds, the criteria and methods to be used for distribution of the funds, the goals for the program, and a specific Project Priority List.

The Department of Health Services (DHS) is preparing to apply for its eighth year of DWSRF funding, in order to receive \$82 million which has been reserved by USEPA for allotment to California for the fiscal year 2004 DWSRF grant. DHS is hereby announcing the availability of the draft 2004 Intended Use Plan, which describes the proposed uses of the federal capitalization grant funds. Once finalized, DHS will submit the Intended Use Plan, and related project priority lists with the Capitalization Grant application to the USEPA. The state match (20 percent of the federal award) is available from bonds authorized by Proposition 50 (November 2002). DHS proposes to utilize 14.6 percent of the 2004 federal grant funds for set-aside activities not directly providing funding for water system projects. The remaining 85.4 percent of federal funds, plus all state matching funds, will be used to fund DWSRF projects.

2. DRAFT 2004 UPDATED PROJECT PRIORITY LIST (DRINKING WATER STATE REVOLVING FUND)

DHS periodically updates the DWSRF Project Priority List (PPL) for DWSRF funding. The priority list is a ranking of all public water system projects that have applied to be considered for DWSRF funding. Only those projects listed on the PPL are eligible for funding consideration. In 2003, DHS advised all public water systems of the opportunity to submit additional projects for incorporation into the PPL. Pre-applications for 200 new or revised projects were received by DHS during that open pre-application period. Projects listed on the previous PPL remain on the draft 2004 Updated Project Priority List. When finalized, the 2004 Updated Project Priority List will be used to identify projects to be invited for funding during 2004, and will continue in use until superseded.

3. DRAFT 2004 UPDATED SOURCE WATER PROTECTION PROJECT PRIORITY LIST

Pursuant to federal and state statutes, a portion of the federal grant for the DWSRF may be used by the state to fund source water protection (SWP) projects. State regulations concerning implementation of the source water protection program (SWPP) were adopted effective October 1, 2002 and a SWPP project priority list has been established. In 2003, DHS again advised all public water systems of the opportunity to submit additional projects for incorporation



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into the SWP project priority list. New preapplications have been ranked based on the type of contaminant to be addressed, and the proximity of the contaminant to the drinking water source, with consideration also given to system size as well as the progress of the system toward implementation of a source water protection program. New preapplications were merged into the existing list. The updated draft listing consists of projects that may be eligible for SWPP funding.

Advisory Concerning Preapplications, Applications, and Priority Lists

The inclusion of a project on a priority list (DWSRF or SWPP), does not obligate a water system in any way, nor is there any guarantee that listed projects will result in the awarding of financial assistance. Furthermore, the inclusion of a project on a funding priority list does not excuse or postpone the requirement for a system to comply with drinking water standards or other regulatory requirements, regardless of whether or not project funding is made available through one of these programs. Finally, in order to receive funding, an applicant must meet financial and other criteria and must agree to comply with state and federal regulatory requirements in order to enter into a loan agreement.

Public Review and Comment

Interested parties may review the draft 2004 IUP, draft 2004 DWSRF PPL, and draft 2004 SWP PPL documents at: <http://www.dhs.ca.gov/ps/ddwem/SRF/SRFindex.htm>. Copies of the draft 2004 documents can also be obtained from DHS by contacting Gloria Madrid at (916) 449-5600.

DHS will hold a public hearing to receive comments on the three items listed in this notice as follows:

1500 Capitol Ave, First Floor, Training Room B; Sacramento, California
Friday March 12, 2004 from 1:00 to 3:00 p.m.

Written comments on these three items may be submitted to DHS at: **Drinking Water State Revolving Fund Program (MS 7418); P.O. Box 997413; Sacramento, CA 95899-7413; Attn: Nadine Feletto; or via Fax (916) 449-5656**. When commenting, please indicate the item to which your comments relate. In order for written comments to be considered, they must be received at the DWSRF Sacramento office by 5:00 p.m. on Monday, April 12, 2004, or postmarked no later than April 12, 2004. Alternatively, written comments may be submitted to DHS at the hearing. Questions concerning the draft documents identified in this notice should be directed to Nadine Feletto at (916) 324-3995 or via email nfeletto@dhs.ca.gov.

For Individuals with disabilities:

DHS will provide services such as sign-language interpretation, real-time captioning, note -takers, reading or writing assistance, or meeting materials in Braille, large print, audiocassette, or computer disk. To obtain these services or copies in one of these alternate formats, please contact:

Ms. Judy Castelan, Department of Health Services (MS 7400)
P.O. Box 997413, Sacramento CA 95899-7413
Phone Number: (916) 449-5575; (TTY) (916) 449-5592

Sincerely,

Robin Hook, Chief
Safe Drinking Water State Revolving Fund and
Small Water System Section